

Risk Management in Reducing Audit Findings: Evidence from Indonesia Local Government

Tifani Keren Hapuk Weyha^{a,*}, Andi Chairil Furqan^a, Betty^a, Ma'amun Anshori^b

^aDepartement of Accounting, Tadulako University, Palu, Indonesia

^bKanwil Ditjen Perbendaharaan Provinsi Sulawesi Tengah, Indonesia

Abstract

Risk management has become an integral element of entity governance, particularly in the public sector, which continues to face intense scrutiny in an effort to minimize audit findings. This study aims to analyze the impact of risk management implementation on audit findings in Indonesian local governments. Through a quantitative approach and linear regression analysis in STATA-17 programming, data was obtained from local governments in 2021, with a total of 542 observations processed. The results revealed that the implementation of risk management contributed to reducing audit findings, especially those related to non-compliance with statutory regulations, including findings that resulted in local financial losses, potential financial losses, revenue shortfalls, and administrative irregularities. This study provides new insights into the important role of risk management in strengthening governance, improving accountability, and optimizing financial management in local governments. Therefore, this study underscores the importance of integrating risk management into every financial management process within local governments to minimize regulatory non-compliance and to achieve effective, efficient, and accountable financial management.

Keywords: Audit Findings; Local Government; Non-Compliance with Statutory Regulations; Risk Management.

Received: 27 June 2025

Revised: 13 August 2025

Accepted: 22 August 2025

1. Introduction

The public demands transparency and accountability, encouraging the government to be open in its public responsibilities. Strong transparency and accountability are key to improving budget reports, strengthening internal controls, and enhancing administrative consistency in the public sector (Boufounou et al., 2024; Sonjaya et al., 2025). The obligation of government officials to provide transparent and accountable information to the public requires audits that follow a systematic process in obtaining and evaluating objective evidence regarding government operations, carried out in accordance with applicable standards to ensure the accountability of local government financial reports, thereby creating a government environment that embodies good public governance. Fraud and irregularities in the management of local government finances, as well as poor performance by government officials at the local level, have the potential to jeopardize local financial stability, hinder development, and have a negative impact on the local economy. Therefore, the development of governance in the public sector cannot be separated from the management of risks that can occur at any time, which continue to be faced, making risk management an important element that cannot be separated from strict supervision in the public sector, especially in the realm of government (Boufounou et al., 2024; Sargiacomo et al., 2024). The implementation of risk management in mitigating risks in the public sector is aimed at reducing findings from audits conducted by interested parties and emphasizing the sustainability of government operations. According to (Levytska et al., 2022; Lois et al., 2021), the purpose of risk management is to protect entities from potential losses that may arise.

Audits conducted by the National Audit Agency on local government financial reports have resulted in findings that must be followed up based on the recommendations provided by the auditors. Furqan et al. (2021) emphasize the importance of following up on audit recommendations in achieving efficiency, effectiveness, and accountability in the duties and functions of local governments, particularly in financial management and public services. Based on the results

* Corresponding author.

E-mail address: tifanikerenhapukh0@gmail.com

of the National Audit Agency's audit for the 2020 to 2021 fiscal years, a total loss of Rp 1.2 trillion was found to have been incurred from local government activities. Therefore, the recommendations obtained by local governments from the Regional Audit Agency must be followed up by completing the proposed follow-up documents. Law No. 15 of 2004, verse 16 (1) on the Audit of Financial Management and Accountability of the State states that the higher the level of financial statement disclosure, the better the quality of local government financial statements, thereby improving the profitability reflected in the government's audit opinion. In order to create a transparent and accountable government environment in the management of finances carried out by local governments, the preparation of Local Government Financial Reports is an obligation that cannot be ignored by local government units, which will later be part of the examination by the relevant institutions. The examination is conducted to obtain the quality of financial reports presented in a fair and appropriate manner in accordance with the standards applied within the scope of government, which are based on Indonesian statutory regulations. Thus, any audit findings regarding the results of examinations conducted on the condition of financial management, internal control structures, and local governments' compliance with statutory regulations on local financial management and reporting are the outcomes of assessments conducted by examining institutions, similar to external auditors.

In the realm of government, the Government Internal Control System refers to Government Regulation No. 60 of 2008 concerning the Government Internal Control System, which is clearly stated as an integral process in activities and actions carried out consistently and continuously by leaders and all officials to provide adequate assurance of the achievement of the entity's vision through efficient and effective activities, reliable financial reporting, the safeguarding of state assets, and compliance with statutory regulations (Abdullah et al., 2020). Thus, audit findings are defined as violations and deviations from applicable regulations during the audit process. Significant material impacts of audit findings are reported to the relevant entity. Eilifsen et al. (2021) state that the level of materiality is more important than the magnitude of findings often encountered in audits. Therefore, proactive efforts must be implemented to minimize and reduce audit findings. Risk management is an important alternative that cannot be separated from strengthening the internal control system of government through early identification and mitigation of risks, thereby providing local governments with the opportunity to improve the quality of financial management and address internal issues that arise in government operations that pose risks to creating an environment of integrity, thereby rebuilding public trust in local government financial management and supporting the achievement of good governance (Nurvania et al., 2024; Sari & Rohman, 2020).

Although several studies have shown a relationship between audit recommendation follow-up and improvements in financial reporting and public services, the direct role of risk management in strengthening this relationship has not been widely explored, especially at the local government level. In response to this gap, research was conducted to reinforce previous findings and fill the gap in analyzing the role of risk management in influencing audit findings. Previous studies have examined the implementation of risk management and its significant impact on preventing/reducing fraud (Haryansyah et al., 2024; Puteri Amalia, 2022; Rosliana et al., 2022; Tarjo et al., 2022; Wibowo & Tobing, 2022b, 2022a). Thus, showing the correlation between risk management and audit findings that focus on non-compliance with statutory regulations related to findings on state losses, potential state losses, shortfalls in local revenue, and irregularities related to local government administration based on the concept of Public Sector Risk Management (Ahmeti & Vladi, 2017; Drennan et al., 2014; Smith & Toft, 1998) and Contingency Theory (Alford, 2002; CHRISTENSEN & Yoshimi, 2003; McGrandle, 2017) is a novelty offered in this study. The results of the research are expected to contribute to providing new insights into the important role of risk management implementation in strengthening local government governance, increasing accountability and optimization of local financial management. The implication of the research lies in the key integration of risk management in every process of local financial management to minimize non-compliance with statutory regulations while realizing effective, efficient, accountable and transparent financial management in local governments in Indonesia and globally in line with Indonesian regulations.

2. Methods

This research uses quantitative methods tested through linear regression with the STATA-17 application program (Imai & Bougher, 2021; Spinelli, 2022), data acquisition comes from local governments for the 2021 period, with a total of 542 sample observations. Overall, the data came from relevant institutions in Indonesian local government agencies, including the Financial and Development Supervisory Agency, the Supreme Audit Agency, and the Ministry of Home Affairs.

The Research Model is used to explain and predict changes in one variable will affect other variables. The following is an empirical research model:

$$\text{findingit} = \beta_0 + \beta_1\text{Mri} + \beta_2\text{Munit} + \beta_3\text{Agesit} + \beta_4\text{Sizeit} + \beta_5\text{Islandit} + \epsilon_t \dots\dots\dots (1).$$

The main variable in this study is risk management, which is measured using the Risk Management Index (MRI). The MRI is categorized into five levels and characteristics, namely: "4.50 - 5.00" for Optimized, "4.00 - 4.49" for Managed, "3.00 - 3.99" for Defined, "2.00 - 2.99" for Repeatable, and "0.00 - 1.99" for AdHoc.

Agesit, Munit, Sizeit, and Islandit are control variables in this study. Age is measured by the age of the local government, based on the number of years since the establishment of the local government. Munit refers to the status of the local government, categorically measured as "2" for provinces, "1" for cities, and "0" for districts. Sizeit represents the size of the local government, measured by the natural logarithm (Ln) of total local government assets. ISLANDit represents the geographical location of the local government, measured by a dummy variable, where "1" represents Java Island and "0" represents other locations.

3. Result and Discussions

3.1 Results

Based on the data in Table 1, a descriptive explanation of the research variables is provided. The average value for the BPKPMRI variable is 1.603, which indicates that the average sample used in this study has an index score around 1.60. This suggests that the local government institutions in this study have not yet adopted a formal approach to implementing risk management. The mean value for the Finding variable is 21.37, which interprets that the average sample in this study has approximately 22 audit findings

Table 1. Statistic Description of Variables

Description	Observation	Mean	Standard Deviation	Min	Max
BPKPMRI	542	1.60	0.65	0	3
Findingt	542	21.37	11.02	0	92
Insizetotal*	542	5.53	23972.68	793.327	544.50
Agesit	542	44.17	23.98	7	71
Munt	542	0.29	0.57	0	2
Islandt	542	0.21	0.41	0	1

Number of Observations = 542

Explanation of Variable operationalization in table 1

*) In billions of rupiah

Source: STATA-17 (2025)

Furthermore, for the control variable, Lnsizetotal has a mean value of 5.535, which indicates that the average sample in this study has total assets amounting to 5,535,000,000. The mean value for the variable ages is 44.17, meaning the average sample of local governments in this study has been established for 44 years. For the variable mun, the mean is 0.29, indicating that the average sample in this study represents local governments at the district level. Lastly, for the variable island, the mean value is 0.21, meaning that the average sample consists of local governments located outside Java Island.

The results of this correlation provide an overview of the strength and direction of the relationship between the variables, as presented in Table 2. Statistically, there is a correlation between findings of non-compliance with regulations, which may lead to regional financial losses, and risk management. These non-compliance findings reflect weaknesses in internal controls that can result in regional losses. Risk management plays a crucial role in preventing such losses by identifying, managing, and mitigating risks early on, which, in turn, enhances compliance, efficiency, and accountability in local government financial management. Additionally, a correlation exists with findings of non-compliance that may cause regional losses, revenue shortfalls, and administrative deviations. The more frequent the findings of non-compliance, the greater the potential for these issues to occur, ultimately weakening the financial stability and governance of local governments. This also indicates that these findings are correlated not only with risk management but also with factors such as age, size, local government unit (LGU), and total assets.

Table 2. Variable Correlation Analysis

	bpkpmri	finding	fspi	flaw	flawloss	flawpot	flawmin	flawadm	size	ages	mun	Island
bpkpmri	1.0000											
finding	-0.056	1.0000										
	0.1917											
fspi	0.032	0.0871***	1.0000									
	0.4530	0.0000										
flaw	-	0.876***	0.527***	1.0000								
	0.128***											
	0.0026	0.0000	0.0000									
flawloss	-	0.542***	0.239***	0.704***	1.0000							
	0.116***											
	0.0066	0.0000	0.0000	0.0000								
flawpot	-	0.453***	0.228***	0.561***	0.312***	1.0000						
	0.143***											
	0.0008	0.0000	0.0000	0.0000	0.0000							
flawmin	-0.072	0.418***	0.203***	0.525***	0.250***	0.387***	1.0000					
	0.0908	0.0000	0.0000	0.0000	0.0000	0.0000						
flawadm	-0.103	0.648***	0.512***	0.619***	0.280**	0.282***	0.198***	1.0000				
	0.0161	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000					
size	0.149***	0.188***	0.203***	0.127***	0.084**	0.182***	0.106	0.044	1.0000			
	0.0005	0.0000	0.0000	0.0029	0.0500	0.0000	0.0128	0.3019				
ages	0.207***	-0.018	0.056	0.086***	-0.053	-0.044	-0.026	-0.071	0.387***	1.0000		
	0.0000	0.6731	0.1908	0.0438	0.2175	0.3055	0.5416	0.0949	0.0000			
mun	0.092**	0.201***	0.188***	0.164***	0.139***	0.166***	0.097**	0.091**	0.298***	0.087**	1.0000	
	0.0314	0.0000	0.0000	0.0001	0.0011	0.0001	0.0233	0.0328	0.0000	0.0416		
island	0.021	-0.096	0.009	-0.175**	-0.136**	-	-	-	0.373***	0.457**	0.043	1.0000
						0.132***	0.199***	0.144***				
	0.6103	0.0255	0.8294	0.0000	0.0014	0.0020	0.0053	0.0008	0.0000	0.0000	0.3113	

Number of Observations = 542
 *** and ** = Significant P Value 1% and 5%

Source: STATA-17 (2025)

The hypothesis testing in this study was conducted using multiple linear regression with the assistance of STATA-17 software. The results of the analysis are showed in Table 3.

Table 3. Hypothesis Testing Result

Finding _{it} = α0 + α1BPKPMRI _{it} + α2ages _{it} + α3Island _{it} + α4Insizetotal _{it} + α5Mun _{it}		
Description	Observation	Mean
_CONSit		-66.714 (0.071)
BPKPMRIit	H1 : (-)	-1.562** (0.047)
agesit	(+/-)	-0.006 (0.791)
Islandit	(+/-)	-4.627*** (0.000)
Lnsizetotalit	(+/-)	3.169** (0.015)
munit	(+/-)	2.105** (0.023)
Prob > F		0.000
Adj R-Squared		0.085
Mean VIF		01.39

Description:
 Explanation of operationalization of variables in table 4
 *** and ** = P-value significant 1% and 5%

Source: STATA-17 (2025)

Table 3 shows that the BPKPMRI (Risk Management Index) has a negative effect on audit findings. The results of this study indicate that the higher the implementation of risk management, measured through the BPKPMRI, the lower the

number of audit findings. This finding strengthens the evidence that the effective implementation of risk management significantly contributes to improving governance and enhancing the accountability of local government financial management. The BPKPMRI variable demonstrates a negative effect on audit findings, with a coefficient of -1.562. The significance at the 5% level is observed for BPKPMRI on the findings. Regarding the role of control variables in this research framework, the control variables size and mun show a 5% significance effect on the findings, while the control variable island shows a 1% significance effect on the findings.

Table 4. Hypothesis testing result mri, fspi and flaw

Description	Observation	Mean
_CONS	-31.120 (0.112)	-35.593 (0.066)
BPKPMRI	-0.037 (0.938)	-1.524*** (0.000)
ages	0.002 (0.831)	-0.009 (0.494)
island	-0.965 (0.144)	-3.662*** (0.000)
insizetotal	1.408** (0.041)	1.761** (0.010)
mun	1.139** (0.025)	0.965 (0.077)
Prob > F	0.003	0.000
Adj R-Squared	0.054	0.106
Mean VIF	1.39	1.39

Number Of Observations = 542

Explanation of Variable operationalization in table 1

***, ** = P value is significant 1%, 5%

Source: STATA-17 (2025)

Table 4 shows that the BPKPMRI (Risk Management Index) does not have a negative effect on findings related to weaknesses in the internal control system. The results of this study indicate that the implementation of risk management does not directly affect the number or types of findings related to internal control weaknesses. This suggests that other factors, such as the quality of internal control system implementation or adherence to procedures, may play a more dominant role in determining these findings. Therefore, a more comprehensive approach is needed to strengthen the internal control system in addition to implementing risk management. Further findings reveal that the BPKPMRI has a negative impact on findings related to non-compliance with regulations. This result indicates that the higher the implementation of risk management, the lower the number of findings related to non-compliance with regulations. These findings reinforce the evidence that effective risk management implementation can help improve compliance with regulations, thereby reducing the potential for violations that could lead to regional losses and strengthening the governance of local government finances.

The variable BPKPMRI indicates no negative influence when there is a finding of weaknesses in the internal control system (FSPI), with coefficients of -0.037 and -1.524, respectively. The variable BPKPMRI also shows a negative influence on (flaw), referring to findings of non-compliance with regulations. The significance at the 5% level is observed for BPKPMRI in relation to the flaw. Regarding the role of control variables in this research framework, the control variable size shows a significant influence at the 5% level on both FSPI and flaw, while the variable MUN shows significance at the 5% level for FSPI. Additionally, the control variable island shows a significance level of 1% for the flaw.

Table 5 shows that the BPKPMRI (Risk Management Index) has a negative impact on findings related to non-compliance with regulations that could potentially cause regional losses, revenue shortfalls, and administrative irregularities. The results of this study indicate that the better the implementation of risk management, the lower the number of findings related to these violations. These findings suggest that the effective implementation of risk management can minimize potential regional losses, enhance compliance with regulations, and strengthen accountable and transparent financial management within local government environments.

The variable BPKPMRI represents Flawloss, Flawpot, Flawmin, and Flawadm, with coefficients of -0.736, -0.354, -0.249, and -0.470, respectively. The significance level at 1% for BPKPMRI is observed in Flawloss and Flawpot. Furthermore, significance at the 5% level is found for BPKPMRI in Flawmin and Flawadm. Regarding the role of control variables in the framework of this study, the control variable "size" shows a significant effect at the 5% level on Flawloss and Flawpot, while the control variable "island" exhibits a 1% significance level effect on Flawloss, Flawpot, Flawmin, and Flawadm.

In relation to the applied theory, in the public sector, risk management theory is highly relevant due to the complexity of public budget management and the demands for maintaining financial accountability. Local governments face various risks, such as non-compliance with regulations, weaknesses in the internal control systems, and potential financial losses that can impact public services. Based on the research findings, the implementation of risk management, measured through the BPKPMRI index, has been shown to have a significant negative effect on the number of audit findings. The better the implementation of risk management, the fewer instances of non-compliance with regulations are found. This indicates that a systematic process of risk identification and mitigation helps prevent legal violations and reduce the potential for budgetary losses, while also enhancing efficiency, transparency, and public trust in local government financial management. Thus, risk management supports efforts to achieve good governance and prevent budget leaks that could harm public welfare (Ahmeti & Vladi, 2017).

Table 5. Hypothesis testing result mri, flawloss, flawpot, flawmin, flawadm

Variableit	Flawlossit	Flawpotit	Flawminit	Flawadmit
_CONS	-9.683 (0.170)	11.114 (0.029)**	-8.641 (0.145)	-5.654 (0.423)
BPKPMRI	-0.736*** (0.000)	-0.354*** (0.000)	-0.249** (0.033)	-0.470** (0.020)
ages	0.000 (0.923)	-0.000 (0.812)	0.000 (0.845)	-0.001 (0.833)
island	-1.529*** (0.000)	-0.693*** (0.000)	-0.745*** (0.000)	-1.111*** (0.000)
lnsizetotal	0.558** (0.025)	0.451** (0.012)	0.377 (0.072)	0.353 (0.155)
mun	0.576 (0.070)	0.132 (0.202)	0.075 (0.573)	0.269 (0.231)
Prob > F	0.000	0.000	0.000	0.000
Adj R-Squared	0.065	0.115	0.050	0.048
Mean VIF	1.39	1.39	1.39	1.39

Number Of Observations = 542
 Explanation of Variable operationalization in table 1
 * * * , * * = P value is significant 1%, 5%

Source: STATA-17 (2025)

Contingency theory complements this approach by emphasizing that the effectiveness of risk management depends on the alignment of strategies with the specific conditions of the organization (McGrandle, 2017). The research findings indicate that the implementation of risk management does not always have a direct impact on the weaknesses of the internal control system. Factors such as the quality of human resources, compliance with procedures, and organizational culture also play a role in determining the effectiveness of financial controls. Local governments facing challenges such as low compliance or resource limitations require a different approach compared to those with strong control systems. Therefore, risk management strategies in government should be flexible and adaptive, tailored to the organizational capacity, degree of decentralization, and local political dynamics. This approach allows for the reduction of audit findings, improved accountability, and more optimal financial efficiency.

3.2 Discussion

The hypothesis testing results show that, **first**, the BPKPMRI (Risk Management Index) has a negative impact on audit findings. This finding indicates that the higher the implementation of risk management, as measured by BPKP, the lower the number of audit findings. This supports the evidence that effective risk management implementation significantly contributes to strengthening governance and enhancing accountability in local government financial management. In alignment with the findings of O'Regan et al. (2022).

Secondly, the study shows that the Risk Management Index (BPKPMRI) does not have a significant negative impact on findings related to weaknesses in the internal control system. This means that the implementation of risk management does not directly affect the number or type of findings related to weaknesses in the system. The analysis also reveals that independent commissioners have a significant positive influence on the disclosure of risk management. This implies that the presence of independent commissioners can improve transparency and accountability in risk reporting. In accordance with the findings of Rahayu et al. (2021).

Third, on the other hand, the study also found that the BPKPMRI has a significant negative impact on findings related to non-compliance with regulations. The better the implementation of risk management, the fewer the findings related to regulatory non-compliance. In agreement with the findings of Ahmad et al. (2021).

The fourth finding indicates that the BPKPMRI (Risk Management Index) has a negative impact on audit findings related to non-compliance with regulations that have the potential to cause regional losses, revenue shortfalls, and are classified as administrative deviations. The results of this study show that the better the implementation of risk management, the fewer the findings related to such violations. Internal audits need to be involved in the process at a minimum, they play a critical role in monitoring the company's risk management system. This allows internal audits to assess whether risk management is being conducted properly according to the procedures established by the organization and encourages relevant parties to continue their assessments. Agree with Lois et al. (2021) findings.

In government, risk management theory is crucial due to the complexity of budget management and the need to maintain accountability. Local governments face risks such as regulatory non-compliance, weaknesses in control systems, and potential financial losses. The research findings indicate that the implementation of risk management through BPKPMRI significantly reduces audit findings, particularly those related to non-compliance. This suggests that systematic identification and mitigation of risks can prevent violations, reduce losses, and enhance efficiency, transparency, and public trust.

Contingency theory emphasizes that the effectiveness of risk management depends on the alignment of strategies with the organization's conditions. The research findings indicate that weaknesses in the control system are influenced by factors such as human resource quality, compliance, and organizational culture. Therefore, the implementation of risk management should be flexible and tailored to the capacity, decentralization, and political dynamics of the region in order to reduce audit findings and enhance accountability and financial efficiency.

In line with this discussion, the present study empirically demonstrates a correlation between findings of non-compliance with regulations that have the potential to cause regional losses and risk management. These results are consistent with previous research by Ahmad et al. (2021), which states that non-compliance with regulations can lead to material losses for the state. The audit of financial reports reveals non-compliance with regulatory provisions, resulting in regional losses, potential regional losses, revenue shortfalls, administrative issues, and inefficiencies, in line with O'Regan et al. (2022), Rahayu et al. (2021), and Lois et al. (2021).

4. Conclusions

Research findings indicate that the implementation of risk management contributes to reducing audit findings, particularly those related to non-compliance with statutory regulations. This includes findings that result in regional losses, those that have the potential to cause regional losses, revenue shortfalls, and those related to administrative irregularities. The results of this research provide new insights into the important role of risk management implementation in strengthening governance, improving accountability, and optimizing local government financial management. The implications of this research emphasize the importance of integrating risk management into every local government financial management process to minimize non-compliance with statutory regulations, and the need to reformulate internal policies in local governments to include risk-based internal audits and the implementation of continuous monitoring mechanisms. These steps will not only reduce audit findings but also enhance transparency, thereby achieving effective, efficient, and accountable financial management in local governments. This study has limitations related to the scope of data, focusing on specific audit findings, and has not fully analyzed the causal relationship between risk management and the reduction of audit findings. However, this does not diminish the essence of the data analysis conducted. Future research is recommended to expand the geographical scope, data period, and variables studied, as well as utilize qualitative approaches for a deeper understanding of the meaning behind the implementation of risk management to reduce audit findings and strengthen governance, both locally and globally.

References

- Abdullah, M. I., Furqan, A. C., Yamin, N. Y., & Oktora, F. E. (2020). Incentive function of audit opinion for the increase of regional operational expenditure and own-source revenues through sensitivity analysis in Indonesia. *Research in World Economy*, 11(1), 20–27. <https://doi.org/10.5430/rwe.v11n1p20>
- Ahmad, S., Akbar, S., Halari, A., & Shah, S. Z. (2021). Organizational non-compliance with principles-based governance provisions and corporate risk-taking. *International Review of Financial Analysis*, 78, 101884. <https://doi.org/https://doi.org/10.1016/j.irfa.2021.101884>
- Ahmeti, R., & Vladi, D. B. (2017). Risk Management in Public Sector: A Literature Review. *European Journal of Multidisciplinary Studies*, 5(1), 323. <https://doi.org/10.26417/ejms.v5i1.p323-329>
- Alford, J. (2002). Why do public-sector clients coproduce? Toward a contingency theory. *Administration & Society*, 34(1), 32–56. <https://doi.org/https://doi.org/10.1177/0095399702034001004>
- Boufounou, P., Eriotis, N., Kounadeas, T., Argyropoulos, P., & Pouloupoulos, J. (2024). Enhancing Internal Control Mechanisms in Local Government Organizations: A Crucial Step towards Mitigating Corruption and Ensuring Economic Development. *Economies*, 12(4). <https://doi.org/10.3390/economies12040078>
- CHRISTENSEN, M., & Yoshimi, H. (2003). Local authority, local government, performance management model, public performance. *Government Auditing Review*, 10, 71–83.
- Drennan, L. T., McConnell, A., Stark, A., & Drennan, L. T. (2014). *Risk and crisis management in the public sector*. Routledge. <https://doi.org/https://doi.org/10.4324/9781315816456>
- Eilifsen, A., Hamilton, E. L., & Messier Jr, W. F. (2021). The importance of quantifying uncertainty: Examining the effects of quantitative sensitivity analysis and audit materiality disclosures on investors' judgments and decisions. *Accounting, Organizations and Society*, 90, 101169. <https://doi.org/https://doi.org/10.1016/j.aos.2020.101169>
- Furqan, A. C., Wardhani, R., Martani, D., & Setyaningrum, D. (2021). Financial reporting, public services and local executives' re-electability in Indonesia. *Cogent Business & Management*, 8(1), 1939229. <https://doi.org/https://doi.org/10.1108/IJPSM-06-2019-0173>
- Haryansyah, S. E., Islamy, S. N., Anas, Z., Nazhatut, U., & Sampang, T. A. (2024). *PORTRAIT OF RISK MANAGEMENT AS AN EFFORT TO PREVENT*. 1(3), 155–163.
- Imai, K., & Bougher, L. D. (2021). *Quantitative social science: An introduction in Stata*. Princeton University Press.
- Levytska, S., Pershko, L., Akimova, L., Akimov, O., Havrilenko, K., & Kucherovskii, O. (2022). A Risk-Oriented Approach in the System of Internal Auditing of the Subjects of Financial Monitoring. *International Journal of Applied Economics, Finance and Accounting*, 14(2), 194–206. <https://doi.org/10.33094/ijaefa.v14i2.715>
- Lois, P., Drogalas, G., Nerantzidis, M., Georgiou, I., & Gkampeta, E. (2021). Risk-based internal audit: factors related to its implementation. *Corporate Governance: The International Journal of Business in Society*, 21(4), 645–662. <https://doi.org/https://doi.org/10.1108/CG-08-2020-0316>
- McGrandle, J. (2017). Understanding diversity management in the public sector: A case for contingency theory. *International Journal of Public Administration*, 40(6), 526–537. <https://doi.org/https://doi.org/10.1080/01900692.2015.1136942>
- Nurvania, R., Hidayatulloh, F. S., & Koeswanda, H. (2024). *BASTBANPEM Application Stakeholders' Perceptions on Accountability and Transparency of the Ministry of Agriculture's Financial Reports*. 5(5).
- O'Regan, B., King, R., & Smith, D. (2022). Combining accountability forms: transparency and “intelligent” accountability in a public service organization. *Accounting, Auditing & Accountability Journal*, 35(5), 1287–1315. <https://doi.org/https://doi.org/10.1108/AAAJ-03-2020-4473>
- Puteri Amalia, I. (2022). Risk Based Audit and Fraud Risk Management. *International Colloquium on Forensic Accounting and Governance (ICFAG)*, 2(1), 1–8.
- Rahayu, N. K., Harymawan, I., Ekasari, W. F., & Nowland, J. (2021). Risk management committee, independent commissioner, and audit fee: An update. *Cogent Economics & Finance*, 9(1), 1892926.

<https://doi.org/https://doi.org/10.1080/23322039.2021.1892926>

- Roslina, R., Ellianny, E., & Handayani, W. (2022). Implementation of Fraud Risk Management to Minimize Fraud Risk in Wanda Putra Kencana Surabaya. *International Journal of Social Science, Education, Communication and Economics (SINOMICS JOURNAL)*, 1(5), 667–680. <https://doi.org/10.54443/sj.v1i5.76>
- Sargiacomo, M., Everett, J., Ianni, L., & D'Andreamatteo, A. (2024). Auditing for fraud and corruption: A public-interest-based definition and analysis. *British Accounting Review*, 56(2), 101355. <https://doi.org/10.1016/j.bar.2024.101355>
- Sari, T. R., & Rohman, A. (2020). Analysis of Factors Affecting Accountability in Village Fund Management in Central Lombok District. *E-Jurnal Akuntansi*, 30(7), 1886–1899. <https://ojs.unud.ac.id/index.php/akuntansi/article/download/59300/35566/>
- Smith, D., & Toft, B. (1998). *Risk and crisis management in the public sector: Editorial: Issues in public sector risk management*. Taylor & Francis.
- Sonjaya, Y., Iswati, S., & Muslim, M. (2025). The Role of Internal Control Systems in Enhancing Local Financial Report Accountability. *Jurnal Akuntansi*, 29(21), 336–358.
- Spinelli, D. (2022). Fitting spatial autoregressive logit and probit models using Stata: The spatbinary command. *The Stata Journal*, 22(2), 293–318. <https://doi.org/https://doi.org/10.1177/1536867X221106373>
- Tarjo, T., Vidyantha, H. V., Anggono, A., Yuliana, R., & Musyarofah, S. (2022). The effect of enterprise risk management on prevention and detection fraud in Indonesia's local government. *Cogent Economics & Finance*, 10(1), 2101222. <https://doi.org/https://doi.org/10.1080/23322039.2022.2101222>
- Wibowo, T., & Tobing, A. N. L. (2022a). Implementation of Fraud Prevention Strategy in Government Institution X. *Article*, 1, 492–516.
- Wibowo, T., & Tobing, A. N. L. (2022b). The Implementation of Fraud Risk Assessment and Anti-Fraud Strategy in Government Institution XYZ. *Asia Pacific Fraud Journal*, 6(2), 285. <https://doi.org/10.21532/apfjournal.v6i2.232>